

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

APPLICATION OF MARROWBONE)
WATER DISTRICT TO INCREASE)
THE RATES CHARGED ITS CUS-) CASE NO. 8538
TOMERS PER 807 KAR 5:076)

O R D E R

On May 28, 1982, Marrowbone Water District ("Marrowbone") filed an application with the Commission to increase its water rates pursuant to 807 KAR 5:076. This regulation allows utilities with 400 or fewer customers or \$200,000 or less gross annual revenues to use the alternative filing method in order to minimize the necessity for formal hearings, to reduce filing requirements, and to shorten the time between the application and the Commission's final Order. This procedure minimizes rate case expenses to the utility and therefore results in lower rates to the ratepayers.

Marrowbone requested rates which would produce an annual increase of \$7,788. In this Order the Commission has allowed the requested rates. There were no intervenors in this matter and no protests were entered. All information requested by the Commission has been filed.

TEST PERIOD

In order to evaluate the reasonableness of the proposed rates Marrowbone has proposed and the Commission has accepted the 12-month period ending December 31, 1981, as the test period in this case.

REVENUES AND EXPENSES

Marrowbone proposed several adjustments to its test period operations. These adjustments included estimates of increased costs based solely on inflationary trends without sufficient documentation to support any specific cost increases. The Commission is of the opinion that because of the inadequacy of the evidence supporting the proposed adjustments they cannot be accepted for rate-making purposes. The Commission advises Marrowbone that prior to filing future rate cases it should familiarize itself with the Commission's policy concerning pro forma adjustments.

Marrowbone's test period operations are as follows:

Operating Revenues	\$ 48,367
Operating Expenses	<u>61,485</u>
Operating Income	\$(13,118)

REVENUE REQUIREMENTS

The Commission is of the opinion that the operating loss is unfair, unjust and unreasonable. Further, the Commission is of the opinion that the proposed rates should be approved as the additional revenues of \$7,788 generated by the proposed rates will improve Marrowbone's financial position.

SUMMARY

The Commission, after careful consideration of the evidence of record and being advised, is of the opinion and finds that:

(1) The rates in Appendix A are the fair, just and reasonable rates to charge for water service rendered by Marrowbone in that they should improve its financial position.

IT IS THEREFORE ORDERED that Marrowbone be and it hereby is authorized to place into effect the rates and charges in Appendix A for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that within 30 days of the date of this Order, Marrowbone shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 13th day of August, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Volk
Chairman

Katherine Randall
Vice Chairman

Don Carrigan
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8538 DATED AUGUST 13, 1982

The following rates are prescribed for Marrowbone Water District located in a portion of Cumberland County, Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect prior to the date of this Order.

Monthly Rate

First	2,000 gallons	\$ 6.00 Minimum Charge
Next	2,000 gallons	2.15 per 1,000 gallons
Next	2,000 gallons	1.80 per 1,000 gallons
Next	4,000 gallons	1.30 per 1,000 gallons
Next	10,000 gallons	.70 per 1,000 gallons
All Over	20,000 gallons	.60 per 1,000 gallons